

What is a PGA?

In the natural gas industry, PGA means Purchased Gas Adjustment. Simply stated, a PGA is designed to reflect the actual costs of gas supplies in customers' bills. A PGA filing does not affect the company's profits.

Each year, Cascade Natural Gas Corporation makes the best possible projection of the cost of gas supplies for the coming year. Any differences between the gas costs included in the company's overall rates and the actual cost of supplies are calculated and passed back to customers in the next PGA filing.

If actual gas costs are lower than originally projected, customers will see lower rates. If gas costs are higher, rates will go up.

Based on projected gas costs, Cascade Natural Gas is anticipating an increase to rates for Washington customers and anticipating a slight increase for Oregon customers in its PGA filing. Cascade Natural Gas encourages you to use energy wisely and continue your conservation efforts. For valuable energy efficiency information, visit www.cngc.com/energy-efficiency.



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NOTICE OF PROPOSED RATE INCREASE

Cascade Natural Gas Corporation proposes a 13.52 percent increase in natural gas rates.

In September 2019, Cascade Natural Gas Corporation (Cascade) will file the following requests with the Washington Utilities and Transportation Commission (WUTC) proposing an overall average 13.52 percent increase for all customer groups with natural gas service. The changes are proposed to become effective November 1, 2019:

- **Cost Recovery Mechanism for Pipeline Replacement (CRM):** Cascade asked for an overall average increase to rates of 0.60 percent to recover costs incurred from November 1, 2018, through October 31, 2019, for the replacement of aging natural gas pipes. The CRM helps Cascade continue to provide customers with safe and dependable gas service. For the CRM costs alone, the average residential customer using 55 therms per month will see a bill increase of \$0.31 cents more per month or 0.65 percent.
- **Purchased Gas Adjustment (PGA):** Cascade requested an increase to rates to recover the cost of natural gas. Gas costs are a straight pass through of costs. Cascade does not earn a profit on the cost of gas. For gas costs alone, the average residential customer using 55 therms per month will see a bill increase of \$4.17 more per month or 8.72 percent. The majority of the increase is associated with higher gas costs resulting from the Enbridge explosion in October of 2018.
- **Decoupling Mechanism Adjustment:** Cascade requested to charge customers the difference between authorized revenue and actual billed revenue consistent with natural gas tariff Rule 21, Decoupling Mechanism. For the decoupling mechanism adjustment, the average residential customer using 55 therms per month will see a bill increase of \$2.19 more per month or 4.58 percent.
- **Conservation:** Cascade will reflect a slight decrease in rates to collect actual conservation costs from the previous twelve-month period. For conservation costs, the average residential customer using 55 therms per month will see a bill decrease of \$0.07 less per month or 0.14 percent.

The following three items are related to the Tax Cut and Jobs Acts (TCJA) that reduced the federal income tax rate effective January 1, 2018.

- **Unprotected Excess Deferred Income Tax:** the average residential customer using 55 therms per month will see a bill increase of \$0.02 cents more per month or 0.04 percent.
- **Protected-Plus Excess Deferred Income Tax:** the average residential customer using 55 therms per month will see a bill decrease of \$0.05 cents less per month or 0.10 percent.
- **Temporary Federal Income Tax Rate Credit:** the average residential customer using 55 therms per month will see a bill increase of \$0.47 cents more per month or 0.99 percent.

The WUTC will review each of these filings and has the authority to set final rates that may vary from Cascade's requests, either higher or lower, depending on the results of its investigation.

If the WUTC approves all proposals, the total increase for a residential customer using 55 therms per month will be 14.73 percent or \$7.04 more per month, bringing the total average monthly Cascade bill from \$48.06 to \$55.10.

The combined proposed rate changes for residential, commercial, and industrial customers are:

Type of Service	Current Rate**	Current Avg Bill *	Proposed Rate**	Proposed Avg Bill *	Dollar Change in Bill	Percent Change in Bill
Residential, Schedule 503	\$0.79370	\$48.06	\$0.92164	\$55.10	\$7.04	14.73%
Commercial, Schedule 504	\$0.74461	\$225.10	\$0.85972	\$258.37	\$33.27	14.78%
Industrial Firm, Schedule 505	\$0.71311	\$1,533.06	\$0.78510	\$1,698.97	\$165.91	10.82%
Com-Ind Dual Service, Schedule 511	\$0.62310	\$8,350.00	\$0.73319	\$9,941.10	\$1,591.10	19.05%
Industrial Interruptible, Schedule 570	\$0.60525	\$12,749.48	\$0.69384	\$14,949.61	\$2,200.13	17.26%
Transportation Service, Schedule 663	\$0.05387	\$8341.46	\$0.05500	\$8,619.43	\$277.97	3.17%

* The average bill includes the monthly basic charge which has not changed with this filing.

** Rate Schedules 505, 511, 570 show an average current and proposed rate due to the tiered rate structure.

For additional information on the proposed rate increase, conservation tips, energy efficiency programs, energy assistance programs and bill payment plans, visit the Cascade Natural Gas website at www.cngc.com; call 1-888-522-1130; or write to c/o Cascade Regulatory Department, 8113 W Grandridge Blvd, Kennewick WA 99336-7166.

You can contact the WUTC to submit questions or to be notified of the scheduled open meeting, at which time the proposal will be considered by the commission:

- On the WUTC website at www.utc.wa.gov, and click on Submit a Comment
- By email to comments@utc.wa.gov
- By phone at 1-888-333-9882
- In writing: WUTC
P.O. BOX 47250
Olympia, WA 98504-7250

Please include your name and mailing address, reference the name of company (Cascade Natural Gas Corporation) and Advice Nos. CNG/W19-05-02, CNG/W19-09-01, CNG/W19-09-02, CNG/ W19-09-03, CNG/W19-09-04, CNG/W19-09-05, CNG/W19-09-06.

The WUTC is committed to providing reasonable accommodations to participants with disabilities: Contact WUTC at 360-664-1132, 306-664-1243 or email humanresources@utc.wa.gov.

